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FM AMCONSUL SURABAYA

TO RUEHC/SECSTATE WASHDC 0223

INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS

RUEHBY/AMEMBASSY CANBERRA 0118

RUEAIIA/CIA WASHDC

RUEHCAA/GEOLOGICAL SURVEY DEPT OF INTERIOR WASHINGTON DC

RUEHJA/AMEMBASSY JAKARTA 0209

RUEHJS/AMCONSUL SURABAYA 0228

RUEHC/USAID WASHDC

RUEHWL/AMEMBASSY WELLINGTON 0116

UNCLAS SECTION 01 OF 02 SURABAYA 000066

SENSITIVE

SIPDIS

DEPT FOR EAP/MTS AND EB/ESC/IEC

DEPT FOR DS/IP/EAP

DOE FOR CUTLER/PI-32 AND NAKANO/PI-42

COMMERCE FOR USDOC 4430

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SUBJECT: EAST JAVA MUDFLOW UPDATE: TWO YEARS OF MUD, GEYSERS AND PROMISES

REF: SURABAYA 52 (and previous)

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This message is sensitive but unclassified. Please protect accordingly.

¶1. (SBU) Summary: Since mud and noxious fumes began surging from the ground on May 29, 2006, there has been little progress in recovery and rebuilding. Threatening major highway and rail links, the mudflow has had a major economic and social impact, but the political consequences remain unclear. Victims continue to press for compensation but have to plead their case in an opaque process. As long as the mud remains contained within its dikes, there appears little pressure on the leadership to take additional action. End Summary.

Learning to Live with It

¶2. (SBU) Between 50,000 - 150,000 cubic meters of hot mud, (the daily equivalent of 20-60 Olympic-sized swimming pools) surges out of the ground at the epicenter in the regency of Sidoarjo, just outside Surabaya. Although the area of the mudflow nearly doubled between December 2006 and March 2007, the mudflow has remained within a 2.5 square mile containment area built by authorities. Pumps and a series of pipes move the mud-water slurry into the nearby Porong River for its journey out to sea. The earthen dikes bordering the containment have been repeatedly breached and repaired during the November-May rainy season.

¶3. (SBU) In honor of the mudflow's second anniversary, most Indonesian newspapers have run full-page retrospectives and analyses of the geology and politics of the disaster. The idea that the mud cannot be stopped has sunk in and one local politician appears to be trying to put a positive spin on the disaster. The Regent of Sidoarjo suggested creation of a "geological preserve" for tourism purposes. The CEO of the Jawa Pos conglomerate suggested, without irony, that local residents turn to this rare geological phenomenon as a source of pride and tourist income.

A Sinking Horizon -- Subsidence IncQses

¶4. (SBU) For residents whose lives have been buried under tons

of mud and businesses dependent on threatened transportation links, the mudflow remains a source of daily concern. Land beneath remaining inhabited villages near the mudflow has subsided significantly over the past year. According to the Sidoarjo Mud Management Agency (BPLS), in one location, the ground fell 3 meters in one night. Geysers containing water and sometimes flammable gases repeatedly appear in nearby communities as yet untouched by the mudflow itself. Experts at the site note these are common signs of increased loading on underground aquifers in land-bearing hydrocarbon resources. A continued lack of data on the degree of subsidence and where it is occurring makes planning infrastructure relocation impossible, according to BPLS.

Human and Economic Costs So Far

¶15. (SBU) Seventeen villages have been inundated and made uninhabitable to date. More than 35,000 people took refuge when the disaster first began and roughly 50,000 people have been left homeless. Thirty local factories were inundated creating more than 20,000 unemployed locally. The mudflow has caused nearly USD 4 billion in losses according to local economic experts. East Java's lowered productivity as a result of the mudflow has helped lop nearly a full percentage point off Indonesia's 2007 GDP according to a local economist.

Compensation Dominates Local Conversation

¶16. (SBU) The central government has earmarked USD 230 million for relocating infrastructure, but has yet to secure land for it. The costs of rebuilding victims' homes within a designated impact area falls to the company considered responsible for the disaster, PT. Lapindo Brantas. The company is linked to Aburizal Bakrie, Coordinating Minister for People's Welfare, the richest man in Indonesia and key campaign donor to President

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Yudhoyono. The process for receiving compensation is opaque; victims have to prove their own eligibility and are often rejected due to a lack of documentation, according to press reports. Only victims from initially impacted villages will see compensation in any case, and the list is growing. Villages left out of the scheme have been promised compensation by a still undefined central government plan.

What Mudflow?

¶17. By and large, political candidates have not taken up the cause of the mudflow victims. Despite the proximity of the East Java Governor's election in late July, only one candidate for vice governor has visited the site. Unique among political parties has been the Indonesian Party for Struggle (PDI-P). Ridwan Hisyam, PDI-P Vice Governor candidate pledged to fight for the rights of victims while visiting the site May 29. Periodic large-scale demonstrations in Porong and surrounding villages have continually failed to galvanize provincial or national leadership to take concrete action. Absent a seismic or social event such as the inundation of the railroad, it is unlikely that authorities will be forced to take additional steps.

MCCLELLAND